



Washington State
Department of Social
& Health Services

Dennis Braddock, Secretary

PROPOSED BUDGET

2003-05 Biennium Funding

Comparing 2001-03 and 2003-05 DSHS Funding

BEFORE GOVERNOR'S ACTION

June 9, 2003

For more, visit:

Legislative Evaluation and
Accountability Program Committee
2003-05 Operating Budget
[http://leap.leg.wa.gov/leap/budget/
detail/2003/o0305f.asp](http://leap.leg.wa.gov/leap/budget/detail/2003/o0305f.asp)

THE LEGISLATIVE BUDGET FOR 2003-05 increases DSHS funding by 5 percent annually over the 2001-03 Biennium. This handout provides a preliminary comparison based on the level accepted by the Legislature June 5, 2003, prior to Governor's actions. Totals will be updated when the final budget is available. This is expected before the end of the current fiscal year, which ends June 30, 2003.

Program 080 Medical Assistance Administration

SESSION OUTCOME – Preliminary

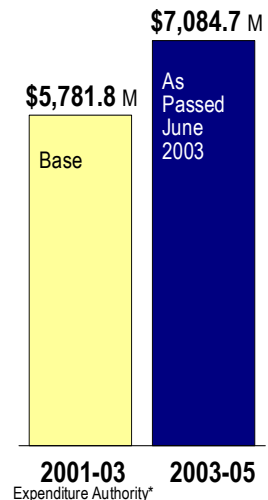
2001-03 Biennium Compared to 2003-05

	2001-03	2003-05	Change
State	\$2,174.6 M	\$2,450.2 M	\$275.6 M
Federal	2,950.5 M	3,677.1 M	726.7 M
Other	656.7 M	957.4 M	300.6 M
*TOTAL	\$5,781.8 M	\$7,084.7 M	\$1,302.9 M

Annualized Average Increase = +11%

	2001-03	2003-05	Change
FTEs	936.1	974.8	38.7

*Dollars exclude ProShare appropriation – Upper Payment Limit transactions made to Public Health Hospital Nursing Homes.



ADDS

Hospital Grants

- New grants to non-rural hospitals were also approved with the additional funds intended to restore funding that is lost with the elimination of the Medically Indigent program. The increased grants will be applied through DSH payments. In addition, the department is to establish a new system for allocating these DSH funds which takes into consideration facilities' profitability, with a larger share of available DSH funds allotted to less profitable hospitals. **TOTAL = \$52.1 million (\$32.0 million GF-S reduction, \$58.0 million HSA increase, \$26.1 million GF-F increase)**
- New grants to rural hospital providers are implemented to maintain the financial viability of these smaller hospitals that serve rural populations. The grants are to be funded through Disproportionate Share Hospital (DSH) payments and are intended to restore funding that these hospitals will lose with the elimination of the Medically Indigent program. **TOTAL = \$6.2 million (\$3.2 million HSA, \$3.1 million GF-F)**

Newborn Health Screening

- Newborn health screens for clients are purchased to test for five additional disorders that, if undetected, may lead to mental or motor retardation, blindness, hearing loss, or physical abnormalities. **TOTAL = \$0.8 million (\$0.4 million GF-S, \$0.4 million GF-F)**

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Prenatal Care Refinance

- \$37.8 million in state funding used to pay for prenatal care for immigrant pregnant women is being refinanced in the 2003-05 Biennium. MAA is expected to obtain federal approval that will allow use of untapped Title XXI federal SCHIP allotments to make up to offset the state funds currently expended for these services. *NO CHANGE (\$37.8 million GF-S reduction, \$37.8 million GF-F increase)*

REDUCTIONS

Managed Care Premiums

- Budgeted growth in payments for managed care premiums is reduced to an effective rate of 1.5 percent during SFY 2004 and 5.0 percent in SFY 2005. These rates represent a 6.5 percent reduction in SFY 2004 and 3.1 percent reduction in SFY 2005 to the rates assumed in the MAA 2003-05 forecast. *TOTAL = \$101.7 million reduction (\$24.9 million GF-S reduction, \$25.8 million HSA reduction, \$51.1 million GF-F reduction)*

Eliminate Medical Indigent Program

- The MI program, a program that provided limited acute care hospital and other services for persons with catastrophic medical conditions, is eliminated. *TOTAL = \$85.7 million reduction (\$105.1 million GF-S reduction, \$29.2 million GF-F reduction, \$48.5 million GF-L)*

Monthly Premiums for Children's Coverage

- Washington Medicaid will apply premiums to continue covering Medicaid-eligible children whose household incomes are above federal poverty. Anticipated monthly premiums schedule: \$15 for incomes between 100 to 150 percent FPL; \$20 between 151 to 200 percent; \$25 above 200 percent. Expected caseload reduction is 20,000 children. *TOTAL = \$67.0 million reduction (\$32.9 million HSA reduction, \$34.1 million GF-F reduction)*

Strengthen Eligibility Verification

- Savings are anticipated to result from improved verification of medical assistance program eligibility. Eligibility reviews will occur more frequently, requirements for client documentation of income eligibility will be stricter, and clients will be required to report changes in eligibility status sooner than is currently required. *TOTAL = \$51.2 million reduction (\$12.2 million GF-S reduction, \$13.7 million HSA reduction, \$25.2 million GF-F reduction, +14.0 FTEs)*

Drug Purchasing

- MAA, in conjunction with the Health Care Authority (HCA) and the Department of Labor and Industry (L&I), is to implement a preferred drug list together with other drug utilization management policies. This is expected to result in fewer prescriptions for more costly, name-brand drugs and enhance the drug therapy outcomes for MAA clients. *TOTAL = \$46.5 million reduction (\$24.2 million GF-S reduction, \$22.3 million GF-F reduction, +9.0 FTEs)*

Reduce Adult Dental Coverage

- MAA dental services for adults will be reduced in terms of the scope of services covered. This reduction is expected to result in dental services being prioritized for adult Medicaid populations most in need of dental services and a reduction of about 25 percent of current spending for these services. *TOTAL = \$22.7 million reduction (\$11.7 million GF-S reduction, \$11.0 million GF-F reduction)*

General Assistance-Unemployable Eligibility

- Clients receiving Medical Care Services through General Assistance-Unemployable (GA-U) eligibility will be required to document changes in medical or mental conditions to continue eligibility. Clients unable or unwilling to provide documentation will lose coverage. *TOTAL = \$7.1 million reduction (All GF-S)*